

SENATE BILL No. 460

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-5-4-1.8.

Synopsis: School bonds for retirement liability. Provides that a school corporation that issued bonds to cover retirement or severance liability under a prior statute (which was repealed on December 31, 2004) may issue bonds one additional time for that purpose if the first bond issue was made before April 14, 2003. Provides that the bonds must be issued before July 1, 2006, in an amount not to exceed the difference between: (1) the amount of the prior bond issue (which was limited to 2% of the school corporation's assessed value); and (2) 2% of the school corporation's true tax value at the time of the prior bond issue. Requires a school corporation that issues bonds for retirement or severance liability to reduce the property tax levy for certain other funds of the school corporation in an amount equal to the property tax levy needed for debt service on the bonds.

Effective: Upon passage.

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January 18, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

SENATE BILL No. 460

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 20-5-4-1.8 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 1.8. (a) For purposes of this section,**
4 **"retirement or severance liability" means the payments**
5 **anticipated to be required to be made to employees of a school**
6 **corporation upon or after termination of the employment of the**
7 **employees by the school corporation under an existing or previous**
8 **employment agreement.**
9 **(b) This section applies to each school corporation that, before**
10 **April 14, 2003, issued bonds under IC 20-5-4-1.7 (before its repeal).**
11 **(c) In addition to the purposes set forth in section 1 of this**
12 **chapter, a school corporation described in subsection (b) may issue**
13 **bonds to implement solutions to contractual retirement or**
14 **severance liability. The issuance of bonds for this purpose is**
15 **subject to the following conditions:**
16 **(1) The school corporation may issue bonds under this section**
17 **only one (1) time.**



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(2) The school corporation must issue the bonds before July 1, 2006.

(3) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's unfunded contractual liability for retirement or severance payments as it existed on June 30, 2001.

(4) The school corporation must demonstrate to the satisfaction of the department of local government finance that the school corporation:

(A) has complied with; and

(B) has a plan for continuing compliance with;

the requirements of P.L.10-2003 with respect to the bonds previously issued under IC 20-5-4-1.7 (before its repeal).

(5) The amount of the bonds that may be issued for the purpose described in this section may not exceed the remainder of:

(A) two percent (2%) of the true tax value of property in the school corporation as of the date that the school corporation issued bonds under IC 20-5-4-1.7 (before its repeal); minus

(B) the amount of bonds that the school corporation issued under IC 20-5-4-1.7 (before its repeal).

(6) Each year that a debt service levy is needed under this section, the school corporation shall reduce the total property tax levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(7) The school corporation shall establish a separate debt service fund for repayment of the bonds issued under this section.

(d) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20 or to the limitations contained in IC 36-1-15.

(f) This section expires July 1, 2006.

SECTION 2. [EFFECTIVE UPON PASSAGE] Notwithstanding the expiration of IC 20-5-4-1.8, as added by this act, the following

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1 provisions apply to bonds issued under this act before July 1, 2006:
2 (1) The bonds remain valid and binding obligations of the
3 school corporation that issued them, as if IC 20-5-4-1.8, as
4 added by this act, had not expired.
5 (2) Each year that a debt service levy is needed for the bonds,
6 the school corporation that issued the bonds shall, in the
7 manner provided by IC 20-5-4-1.8, as added by this act,
8 reduce its total property tax levy in an amount equal to the
9 property tax levy needed for the debt service on the bonds.
10 SECTION 3. An emergency is declared for this act.

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